

Government of the District of Columbia



Department of Consumer and Regulatory Affairs

Testimony of

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Public Oversight Roundtable

OFFICE OF CONSUMER PROTECTION (OCP)

Committee on the Consumer and Regulatory Affairs

Honorable Jim Graham, Chair

Council of the District of Columbia

July 10, 2006

Room 500

John A. Wilson Building

1350 Pennsylvania Avenue, NW

Washington, DC 20004

10:00 a.m.

GOOD MORNING CHAIRPERSON GRAHAM AND MEMBERS OF THE COMMITTEE ON CONSUMER AND REGULATORY AFFAIRS. I AM NICK MAJETT, DEPUTY DIRECTOR FOR INSPECTIONS AND COMPLIANCE WITH THE DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS (DCRA). I AM HERE TODAY TO PROVIDE TESTIMONY ON THE STATUS OF RE-ESTABLISHING THE CONSUMER PROTECTION DIVISION WITHIN DCRA. WITH ME AT THE TABLE IS ROBERT HARRIS. THIS IS HIS FIRST DAY ON THE JOB AS OUR CONSUMER PROTECTION MANAGER.

I WANT TO BEGIN BY THANKING BOTH MAYOR WILLIAMS AND PARTICULARLY YOU, CHAIRMAN GRAHAM FOR YOUR LEADERSHIP, INTEREST AND TENACITY IN ADVANCING THE LEGISLATION AND THE FUNDING TO REINSTITUTE THE OFFICE OF CONSUMER PROTECTION WITHIN DCRA. THE PASSAGE OF THE CONSUMER PROTECTION REVITALIZATION ACT PUT THE “CONSUMER” BACK IN CONSUMER AND REGULATORY AFFAIRS.

IN NOVEMBER 2005, WE TESTIFIED ON THE STATUS OF IMPLEMENTING DCRA’S CONSUMER EDUCATION PLAN. WE’VE MADE SIGNIFICANT PROGRESS SINCE THEN IN THREE MAIN

AREAS: CONSUMER EDUCATION, OPERATIONS, AND CUSTOMER ASSISTANCE. I'LL TALK ABOUT EACH OF THESE TODAY.

WE KICKED OFF OUR CONSUMER PROTECTION PROGRAM IN FEBRUARY OF THIS YEAR AS A PART OF NATIONAL CONSUMER PROTECTION WEEK. AS YOU KNOW, FOR THE FIRST YEAR OF THE REVITALIZED PROGRAM (FY 2006), THE COMMITTEE RECOMMENDED THAT THE AGENCY FOCUS ON CONSUMER EDUCATION AND OUTREACH AND EXPAND CONSUMER PROTECTION SERVICES TO INDIVIDUALS IMPACTED BY UNFAIR TRADE PRACTICE OF HOME IMPROVEMENT CONTRACTORS AND AUTOMOBILE REPAIR DEALERS.

WE'VE ADOPTED A TWO-PRONGED APPROACH:

- TO PROTECT AND SERVE CONSUMERS BY MAKING INFORMATION AVAILABLE AND EASILY ACCESSIBLE THAT EDUCATES THEM ABOUT THEIR RIGHTS AND RESPONSIBILITIES, AND
- HELP ENSURE A COMPETENT AND FAIR MARKETPLACE BY ESTABLISHING MINIMUM STANDARDS OF COMPETENCY AND LICENSING STANDARDS FOR OVER 100 BUSINESS AND

PROFESSIONAL CATEGORIES – INCLUDING CONTRACTORS
AND AUTOMOTIVE REPAIR SHOPS.

A FAIR MARKETPLACE IS ONE WHERE CONSUMERS CAN BE ASSURED OF GOOD QUALITY SERVICE FROM A REPUTABLE BUSINESS. WE'RE TELLING CONSUMERS THAT THE FIRST STEP IN ASSURING THAT THEY'RE DEALING WITH A REPUTABLE BUSINESS IS CHECKING TO SEE IF THE BUSINESS OR INDIVIDUAL IS LICENSED. WHILE A BUSINESS LICENSE DOESN'T NECESSARILY GUARANTEE QUALITY WORK OR PRODUCTS, CONSUMERS ARE MUCH BETTER PROTECTED FROM SCAMS AND RIPOFFS IF THEY WORK WITH LICENSED BUSINESSES. THIS IS THE MESSAGE THAT'S AT THE CORE OF ALL THE EDUCATIONAL AND OUTREACH INFORMATION WE'VE DEVELOPED.

FOR EXAMPLE, TO OBTAIN A LICENSE IN THE DISTRICT OF COLUMBIA, A HOME IMPROVEMENT CONTRACTOR MUST, AMONG OTHER THINGS:

- SUBMIT A POLICE CRIMINAL HISTORY REPORT
- POST A SURETY BOND

- CARRY PUBLIC LIABILITY AND PROPERTY DAMAGE INSURANCE, AND
- AGREE TO SPECIFIC LANGUAGE IN THEIR CONTRACTS THAT PROTECT CUSTOMERS, SUCH AS A BUYER'S RIGHT TO CANCEL

THESE STIPULATIONS ARE BUILT INTO THE LICENSING PROCESS AND THEY TRANSLATE INTO PROTECTIONS FOR CONSUMERS.

WE'RE GOING AFTER INDIVIDUALS AND BUSINESSES WHO FAIL TO REGISTER OR OBTAIN NECESSARY LICENSES FOR OPERATING IN THE DISTRICT OF COLUMBIA AND THAT DON'T TREAT OUR CUSTOMERS FAIRLY AND HONESTLY. IF ONE OF OUR RESIDENTS LODGES A COMPLAINT, WE INVESTIGATE THE COMPLAINT AND IF WE FIND WORK BEING DONE BY UNLICENSED CONTRACTORS, WE ISSUE A NOTICE TO DISCONTINUE UNLAWFUL BUSINESS ACTIVITY AND CIVIL FINES – UP TO \$5,000 DEPENDING ON THE SITUATION.

UNLICENSED “AMATEUR PROFESSIONALS”:

- ENDANGER CONSUMER AND WORKER HEALTH AND WELFARE,
- CHEAT CONSUMERS OUT OF MONEY AND QUALITY WORK

- ROB THE CITY OF REVENUE AND
- CHEAT LEGITIMATE, LICENSED BUSINESSES OUT OF FAIR COMPETITION

BUSINESSES ARE GETTING THE MESSAGE. THE WORD IS OUT – IF YOU'RE DOING BUSINESS IN DC, YOU'D BETTER HAVE A LICENSE.

SINCE MID-FEBRUARY WHEN OUR WEBSITE WENT LIVE WE HAVE RECEIVED 158 CONSUMER PROTECTION-RELATED COMPLAINTS OR INQUIRIES. OF THESE, 14 INVOLVED AUTO REPAIR, 36 INVOLVED HOME IMPROVEMENT CONTRACTORS; 51 WERE ASSOCIATED WITH UNLICENSED RENTAL PROPERTIES; AND 57 WERE RELATED TO OTHER CONSUMER ISSUES. THE COMPLAINTS HAVE RESULTED IN SEVERAL INVESTIGATIONS, REFERRALS FOR INVESTIGATION, AND REFERRALS FOR CRIMINAL PROSECUTION.

WE HAVE DEVELOPED EDUCATIONAL MATERIALS, INCLUDING COMPREHENSIVE FACT SHEETS AND SIMPLE TIP SHEETS TO GUIDE CONSUMERS ON WORKING WITH HOME IMPROVEMENT

CONTRACTORS AND AUTO REPAIR DEALERS. ALL OF THE FACT SHEETS ARE AVAILABLE ON THE WEBSITE IN ENGLISH AND SPANISH AND ARE DISTRIBUTED AT COMMUNITY MEETINGS, FAIRS AND WORKSHOPS. AS YOU MAY KNOW, WE'VE BROUGHT ON BOARD AN ANC LIAISON—ERIC ROGERS – AND A COMMUNITY OUTREACH SPECIALIST – CHRIS KOHATSU – BOTH OF WHOM ATTEND COMMUNITY MEETINGS NEARLY EVERY WEEK TO SPEAK WITH CITIZENS ABOUT DCRA PROGRAMS AND SERVICES. THEY'VE ATTENDED NEARLY 40 COMMUNITY MEETINGS AND EVENTS SINCE WE LAUNCHED OUR CONSUMER PROTECTION OPERATIONS IN FEBRUARY.

DCRA'S NEW PUBLIC INFORMATION OFFICER – KARYN-SIOBHAN ROBINSON – IS ALSO WORKING TO ENSURE THAT DISTRICT CONSUMERS GET PRACTICAL AND WELL-TIMED INFORMATION WHEN THEY MOST NEED IT. FOR EXAMPLE, FOLLOWING THE HEAVY RAINS IN JUNE AND JULY, WE ISSUED PRESS RELEASES WITH INFORMATION ON HOME IMPROVEMENT CONTRACTORS AND BUILDING PERMITS TO HELP THOSE WHOSE HOMES MAY HAVE BEEN DAMAGED AND IN NEED OF

REPAIR. AND FOLLOWING THE LATEST SPATE OF LAPTOP COMPUTER THEFTS, WE UPDATED OUR WEBSITE TO INCLUDE INFORMATION FROM THE FEDERAL TRADE COMMISSION'S IDENTITY THEFT CAMPAIGN.

TO FURTHER EDUCATE AND EMPOWER CONSUMERS, WE RECENTLY LAUNCHED A COMPLETELY REDESIGNED WEBSITE, WHICH WE WANT TO SHOW YOU TODAY. THE WEBSITE PRESENTS BASIC INFORMATION ABOUT THE NEW OFFICE OF CONSUMER PROTECTION AND OFFERS TIPS TO HELP CONSUMERS RESOLVE ISSUES ON THEIR OWN. IT ALSO LINKS TO A SAMPLE LETTER THAT CONSUMERS CAN USE TO LET A BUSINESS KNOW ABOUT A PROBLEM WITH ITS PRODUCT OR SERVICES.

MOST IMPORTANTLY, FOR THE FIRST TIME, A CONSUMER CAN NOW FIND INFORMATION ABOUT ALL THE DISTRICT AGENCIES THAT SHARE RESPONSIBILITY, OVERSIGHT, AND AUTHORITY FOR CONSUMER PROTECTION ISSUES IN ONE PLACE. THERE IS INFORMATION ABOUT AND DIRECT LINKS TO THE [OFFICE OF THE ATTORNEY GENERAL \(OAG\)](#), [DEPARTMENT OF INSURANCE](#),

SECURITIES AND BANKING (DISB), METROPOLITAN POLICE
DEPARTMENT (MPD) AND THE SUPERIOR COURT OF DC.

THE WEBSITE INCLUDES INFORMATION IN ENGLISH AND SPANISH ON HOW TO AVOID FRAUD AND UNACCEPTABLE BUSINESS PRACTICES WHEN WORKING WITH HOME IMPROVEMENT CONTRACTORS OR AUTO REPAIR SHOPS. IN ADDITION, THE SITE OFFERS CONSUMERS A MECHANISM TO:

- DETERMINE IF LOCAL RENTAL PROPERTIES, AUTO REPAIR SHOPS OR HOME IMPROVEMENT CONTRACTORS HAVE THE NECESSARY LICENSES TO DO BUSINESS IN THE DISTRICT
- ACCESS RENTAL PROPERTIES AND AUTO REPAIR SHOPS BY ADDRESS
- ACCESS HOME IMPROVEMENT CONTRACTORS BY CORPORATION OR TRADE NAME OR BY THE CONTRACTOR'S FIRST AND LAST NAME, AND
- SUBMIT REPORTS OF SUSPECTED UNLICENSED BUSINESS ACTIVITY TO DCRA.

WE'RE ALSO PREPARED TO TAKE OUR OUTREACH ACTIVITIES TO THE COMMUNITY AND TO THE SCHOOLS. WHILE WE'VE BEEN DISTRIBUTING OUR MATERIALS AT NEIGHBORHOOD MEETINGS FOR SOME TIME, WE'RE HEADED TO EACH OF THE CITY'S WARDS LATER THIS MONTH AS WE LAUNCH A SERIES OF WORKSHOPS DEVOTED EXCLUSIVELY TO CONSUMER PROTECTION. I'VE INCLUDED THE WORKSHOP SCHEDULE BELOW:

Office of Consumer Protection Neighborhood Workshop Schedule			
Ward	Date	Public Library Location	Time
1	Tuesday, July 25, 2006	Mt. Pleasant	6:30 PM – 8:00 PM
2	Wednesday, July 26, 2006	West End	6:30 PM – 8:00 PM
3	Thursday, August 3, 2006	Cleveland Park	6:30 PM - 8:00 PM
4	Wednesday, August 9, 2006	Thornton/Shepherd Park	6:30 PM – 8:00 PM
5	Tuesday, August 15, 2006	Lamond-Riggs	6:30 PM - 8:00 PM
6	Tuesday, August 22, 2006	Southeast Neighborhood	6:30 PM – 8:00 PM
7	Wednesday, August 30, 2006	Francis A. Gregory	6:30 PM – 8:00 PM
8	Tuesday, September 5, 2006	Washington Highlands	6:30 PM – 8:00 PM

WE'RE ALSO REACHING OUT TO THE DISTRICT'S YOUTH THROUGH A PROGRAM KNOWN AS LIFESMARTS WHICH IS RUN BY THE NATIONAL CONSUMERS LEAGUE, SPONSORED IN DC BY THE UNIVERSITY OF THE DISTRICT OF COLUMBIA AND RUN BY UDC'S COOPERATIVE EXTENSION SERVICE. LIFESMARTS – THE

ULTIMATE CONSUMER CHALLENGE – IS AN EDUCATIONAL OPPORTUNITY THAT DEVELOPS THE CONSUMER AND MARKETPLACE KNOWLEDGE AND SKILLS OF TEENAGERS IN A FUN WAY AND REWARDS THEM FOR THIS KNOWLEDGE. THE PROGRAM COMPLEMENTS THE CURRICULUM ALREADY IN PLACE IN HIGH SCHOOLS AND CAN BE USED AS AN ACTIVITY FOR CLASSES, GROUPS, CLUBS, AND COMMUNITY ORGANIZATIONS. LIFESMARTS, RUN AS A GAME-SHOW STYLE COMPETITION, IS OPEN TO ALL TEENS IN THE U.S. IN THE 9TH THROUGH 12TH GRADES. TEAMS OF FOUR TO FIVE TEENS COMPETE IN DISTRICT AND STATE MATCHES WITH THE STATE WINNERS GOING TO THE NATIONAL COMPETITION TO VIE FOR THE NATIONAL LIFESMARTS TITLE. THE COMPETITION FOCUSES ON FIVE KEY AREAS THAT TEENS NEED TO KNOW MORE ABOUT TO FUNCTION AS EFFECTIVE CONSUMERS IN TODAY’S MARKETPLACE INCLUDING PERSONAL FINANCE, HEALTH AND SAFETY, ENVIRONMENT, TECHNOLOGY, AND CONSUMER RIGHTS AND RESPONSIBILITIES. THIS SPRING, DCRA STAFF SERVED AS JUDGES IN THE STATEWIDE COMPETITION, AND WE’RE EXPLORING OTHER OPPORTUNITIES

TO REACH THE CITY'S TEENS THROUGH A CONTINUING PARTNERSHIP WITH DC LIFESMARTS.

BECAUSE AUTO MECHANICS GENERATE A SIGNIFICANT NUMBER OF CONSUMER COMPLAINTS, THE COUNCIL AUTHORIZED DCRATO EXPAND CONSUMER PROTECTION SERVICES TO INDIVIDUALS IMPACTED BY UNFAIR TRADE PRACTICES OF AUTOMOBILE REPAIR SHOPS (ALONG WITH HOME IMPROVEMENT CONTRACTORS.)

IT IS CLEAR THAT FAR TOO MANY ILLEGITIMATE AUTO REPAIR SHOPS ARE CHEATING RESIDENTS AND VISITORS, AS WELL AS POLLUTING THE ENVIRONMENT. WE LOOKED FOR A WAY THAT WE COULD CREATE A BETTER SYSTEM OF BOLSTERING CONSUMER KNOWLEDGE AND AWARENESS IN THE AUTO REPAIR MARKETPLACE. WE CAME UP WITH THE DCRA LICENSED AUTO REPAIR SEAL.

THIS DECALING SYSTEM IS A NEW INITIATIVE THAT WILL BETTER PROTECT CONSUMERS FROM NEFARIOUS AND

UNLICENSED AUTO REPAIR SHOPS. THE SEAL WILL NOT ONLY MAKE IT EASIER FOR CONSUMERS TO VERIFY THAT A BUSINESS HAS A VALID LICENSE, BUT WILL ALSO BE A POINT OF PRIDE FOR LEGITIMATE BUSINESSES.

WE CREATED THE SEAL BECAUSE WE'VE FOUND THAT MANY CONSUMERS DO NOT REALIZE THAT AUTO REPAIR SHOPS MUST BE LICENSED TO OPERATE LEGITIMATELY. MANY CONSUMERS ALSO DO NOT KNOW WHAT A BUSINESS LICENSE LOOKS LIKE AND MAY NOT BE ABLE TO EASILY SEE IT WITHIN AN ESTABLISHMENT, WHERE IT IS OFTEN DISPLAYED ALONG WITH OTHER CERTIFICATES AND AUTHORIZATIONS. IN ADDITION, MANY CONSUMERS MAY BE TOO INTIMIDATED TO ASK TO SEE IT ONCE THEY ARE INSIDE AN AUTO SHOP. THEY MAY FEAR THAT ASKING FOR IT MAY OFFEND THE AUTO SHOP OWNER AND COULD AFFECT THE QUALITY OF THEIR SERVICE.

I WANT TO BE CLEAR THAT THE SEAL DOES NOT REPLACE THE BBL, BUT IS SIMPLY A HIGHLY VISIBLE AND VERIFIABLE REPRESENTATION OF THE BBL THAT IS KEPT ON SITE. TO

PROHIBIT FRAUD AND FORGERY, THE SEAL IS DESIGNED TO BE AFFIXED TO THE INSIDE OF ONE OF THE ESTABLISHMENT'S WINDOWS. BUSINESSES WILL BE ENCOURAGED TO PLACE THE SEAL IN A PROMINENT LOCATION. IT'S OUR HOPE THAT THE VISIBLE SEAL AND THE PUBLIC OUTREACH CAMPAIGN SURROUNDING IT WILL ALSO INCREASE PUBLIC AWARENESS OF THE BBL ACROSS OTHER INDUSTRIES AS WELL.

WE HAVE RECENTLY ESTABLISHED A PHYSICAL OFFICE OF CONSUMER PROTECTION WITHIN THE BASIC BUSINESS LICENSE CENTER ON THE FIRST FLOOR OF 941 N. CAPITOL STREET. CITIZENS CAN COME INTO THE OFFICE TO GET INFORMATION ON THEIR RIGHTS UNDER THE CONSUMER PROTECTION PROCEDURES ACT (CPPA) AND AVAILABLE REMEDIES FOR RESOLUTION. CURRENTLY UNDER THE CPPA, CONSUMERS WITH A COMPLAINT OVER \$2500 MAY ALSO FILE A FORMAL COMPLAINT IN WRITING WITH THE DCRA'S OFFICE OF CONSUMER PROTECTION. EACH COMPLAINT WILL BE INVESTIGATED TO DETERMINE: 1) WHAT TRADE PRACTICE ACTUALLY OCCURRED; 2) WHETHER THE TRADE PRACTICE

WHICH OCCURRED VIOLATES ANY STATUE, REGULATION, RULE OF COMMON LAW, OR OTHER LAW OF THE DISTRICT OF COLUMBIA. (DC CODE § 28-3905). IN CASES WHERE DCRA DOES NOT HAVE JURISDICTION, THE OFFICE WILL INFORM THE COMPLAINANT OF THE AGENCY OR JURISDICTION THAT WOULD ENFORCE SUCH LAW.

WE HAVE DETERMINED THAT THE OFFICE SHOULD RESIDE UNDER THE DEPUTY DIRECTOR FOR INVESTIGATIONS AND COMPLIANCE, GIVEN THE IMPORTANT EMPHASIS ON INVESTIGATION OF SUSPECTED UNLICENSED BUSINESSES. WE ARE ACTIVELY WORKING TO STAFF THE OFFICE AND EXPECT TO FILL ALL OF THE POSITIONS WITHIN THE NEXT FEW MONTHS. AS I MENTIONED, WE HAVE RECENTLY HIRED A NEW CONSUMER PROTECTION MANAGER, ROBERT HARRIS, WHO IS WITH ME HERE TODAY. AS I MENTIONED EARLIER, WE HAVE ALSO HIRED A PUBLIC INFORMATION OFFICER, WHO WILL PREPARE PRESS RELEASES, FACT SHEETS, CONSUMER ALERTS, AND OTHER EDUCATIONAL MATERIALS ON ISSUES OF CONCERN TO THE DISTRICT'S CONSUMERS. WE WANTED TO

PROVIDE MR. HARRIS WITH AN OPPORTUNITY TO SELECT THE KEY MEMBERS OF HIS TEAM, SO THE INVESTIGATOR AND PROGRAM ASSISTANT POSITIONS ARE CURRENTLY BEING ADVERTISED ON THE DC OFFICE OF PERSONNEL WEBSITE. WE HAVE HAD NUMEROUS INQUIRIES FROM PEOPLE INTERESTED IN APPLYING FOR THESE POSITIONS AND ANTICIPATE THAT THEY WILL BE FILLED QUICKLY. THE CONSUMER PROTECTION EDUCATION AND OUTREACH SPECIALIST POSITION IS CURRENTLY IN THE DC OFFICE OF PERSONNEL FOR CLASSIFICATION. WE ALSO ANTICIPATE THAT THIS WILL BE FILLED QUICKLY ONCE IT IS ADVERTISED.

WE ARE WELL ON OUR WAY TO RE-ESTABLISHING A CONSUMER PROTECTION OFFICE OF THE SCOPE AND CALIBER OF THE PROGRAM THAT EXISTED IN THE LATE 1980'S. IN THIS FIRST YEAR, WITH THE CURRENT STAFF AND RESOURCES THAT HAVE BEEN ALLOCATED TO US FOR THIS EFFORT, WE'RE FOCUSING ON GETTING THE CITY'S CONSUMERS THE RESOURCES AND KNOWLEDGE THEY NEED TO PROTECT THEIR INTERESTS.

WE'RE CONTINUING TO DEVELOP PROACTIVE INFORMATION TO
ARM DC RESIDENTS SO THEY CAN STEER CLEAR OF
UNSCRUPULOUS BUSINESSES AND AVOID GETTING STUCK
WITH INCOMPLETE, INADEQUATE OR SHODDY WORK. WE'LL
CONTINUE TO ADVOCATE, EDUCATE AND REGULATE TO ASSIST
AND PROTECT THE PUBLIC FROM UNSCRUPULOUS BUSINESSES
AND DISREPUTABLE BUSINESS PRACTICES. WE HOPE TO
EMPOWER CONSUMERS WITH INFORMATION THAT WILL
ALLOW THEM TO SPOT, STOP AND AVOID DECEPTIVE AND
UNFAIR PRACTICES IN THE MARKETPLACE.

CHAIRPERSON GRAHAM AND MEMBERS OF THE COMMITTEE ON
CONSUMER AND REGULATORY AFFAIRS, THIS CONCLUDES MY
REMARKS. I AM AVAILABLE TO ANSWER ANY QUESTIONS YOU
MAY HAVE.



The Department of Consumer and Regulatory Affairs protects the health, safety, economic interests, and quality of life of residents, businesses, and visitors in the District of Columbia by issuing licenses and permits, conducting inspections, enforcing building, housing, and safety codes, regulating land use and development, and providing consumer education and advocacy services.